



TOWN OF ACTON, MASSACHUSETTS POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2021

ABOUT THE “PAFR”

As part of Acton’s commitment to keep residents informed about how tax dollars are being invested, the Town is pleased to present this Popular Annual Financial Report (PAFR).

This PAFR presents a summary of financial information from the following sources: FY21 and FY20 Annual Comprehensive Financial Reports, Annual Town Budgets, Middlesex County Retirement System Actuarial Valuation, Acton OPEB Actuarial Valuation, Public Employee Retirement Administration Commission, and the Commonwealth of Massachusetts Division of Local Services.

The intent is the information presented in this PAFR will allow the reader to better understand the Town’s financial health.

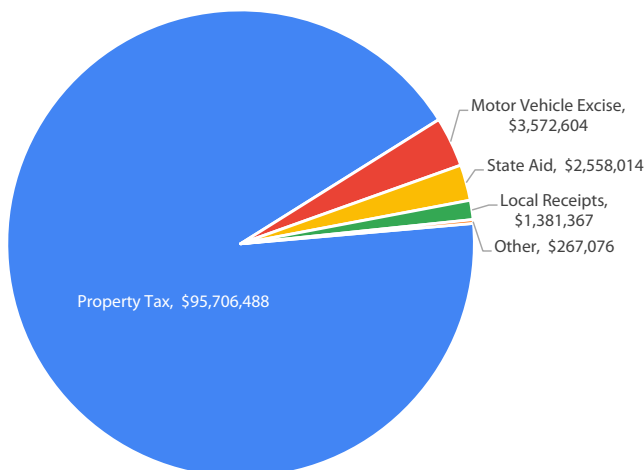
ABOUT THE TOWN

The Town of Acton, incorporated in 1735, is located in Middlesex County approximately 21 miles northwest of Boston. With over 24,000 residents, Acton is primarily a bedroom community, with more than ninety percent of real estate tax generated from residential properties. Acton is known for its rich history, recreational and conservation assets, and high-quality municipal services, highlighted by K-12 education provided by the Acton-Boxborough Regional School District and Minuteman Regional Vocational Technical High School.

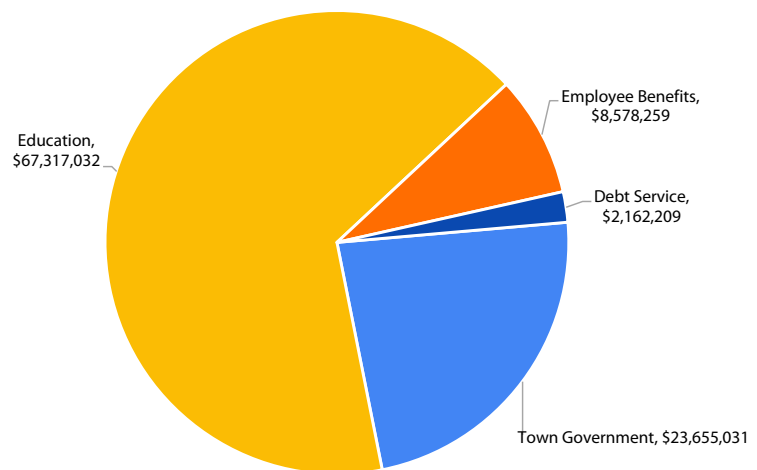
An Open Town Meeting, in which every Acton registered voter may participate, serves as the Town’s legislative body. An elected Select Board establishes policy to be implemented by an appointed Town Manager, who directs the Town’s day-to-day operations. School Committees oversee the two school districts, which are managed by School Superintendents.

FY21 GENERAL FUND REVENUES & EXPENDITURES

(STATED ON A GAAP BASIS)



Revenues: Property taxes are the single largest revenue source for Acton, comprising 92% of annual general fund revenue. Motor Vehicle Excise Tax and State Aid account for 6% of revenues; and Local Receipts (closely tied to economic activity) and Other comprise the remaining 2% of revenue.



Expenditures: A large majority (66%) of General Fund expenditures goes to the Schools (Acton-Boxborough Regional School District and Minuteman Regional Vocational Technical High School). Services provided by the Town Government make up 24% of expenditures; Employee Benefits 8%; and Debt Service 2%.

GENERAL FUND FINANCIAL STATEMENTS

Balance Sheet

	FY21	FY20	Amount Change	Percent Change
Assets				
Cash and Short-Term Investments	\$12,479,103	\$12,282,965	\$196,138	1.60%
Receivables	\$3,816,569	\$4,885,179	\$(1,068,610)	-21.87%
Other	\$1,146,823	\$828,846	\$317,977	38.36%
Total Assets	\$17,442,495	\$17,996,990	\$(554,495)	-3.08%
Liabilities				
Warrants Payable	\$314,642	\$152,351	\$162,291	106.52%
Accrued Liabilities	\$537,665	\$698,444	\$(160,779)	-23.02%
Other	\$110,600	\$175,347	\$(64,747)	-36.93%
Total Liabilities	\$962,907	\$1,026,142	\$(63,235)	-6.16%
Deferred Inflows				
Taxes Paid in Advance	\$31,482	\$48,208	\$(16,726)	-34.70%
Unavailable Revenue	\$4,342,779	\$5,599,354	\$(1,256,575)	-22.44%
Total Deferred Inflows	\$4,374,261	\$5,647,562	\$(1,273,301)	-22.55%
Fund Balances				
Committed	\$1,827,706	\$1,958,118	\$(130,412)	-6.66%
Assigned	\$1,765,882	\$2,432,444	\$(666,562)	-27.40%
Unassigned	\$8,511,739	\$6,932,724	\$1,579,015	22.78%
Total Fund Balances	\$12,105,327	\$11,323,286	\$782,041	6.91%
Total Liabilities, Deferred Inflows & Fund Balances	\$17,442,495	\$17,996,990	\$(554,495)	-3.08%

BALANCE SHEET SUMMARY

- Assets (resources owned) = Liabilities (amounts owed) + Deferred Inflows (resources to be recognized in the future) + Fund Balances (reserves).
- Fund balances have specific restrictions: Committed (by Town Meeting, i.e. stabilization funds), Assigned (i.e. Town Manager-approved purchase orders), and Unassigned (available for appropriation).
- Committed funds balances contain self-imposed constraints on spending. Most of the committed funds are warrant articles or continuing appropriations authorized by Town Meeting. In FY21, committed fund balances included funding for Kelley's Corner improvements, Commuter Lot maintenance and modifications, railroad crossing safety improvements, and Sustainability initiatives. FY21 committed funds were approximately 7% lower than FY20.

Statement of Revenues, Expenditures and Changes in Fund Balance

	FY21	FY20	Amount Change	Percent Change
Revenues				
Property Tax	\$95,706,488	\$88,367,433	\$7,339,055	8.31%
Motor Vehicle Excise	\$3,572,604	\$3,624,411	\$(51,807)	-1.43%
State Aid	\$2,558,014	\$2,622,688	\$(64,674)	-2.47%
Local Receipts	\$1,381,367	\$1,401,969	\$(20,602)	-1.47%
Other	\$267,076	\$454,491	\$(187,415)	-41.24%
Total Revenue	\$103,485,549	\$96,470,992	\$7,014,557	7.27%
Expenditures				
Town Government	\$23,655,031	\$22,960,311	\$694,720	3.03%
Education	\$67,317,032	\$62,690,935	\$4,626,097	7.38%
Employee Benefits	\$8,578,259	\$7,996,435	\$581,824	7.28%
State and County Charges	\$330,123	\$322,515	\$7,608	2.36%
Debt Service	\$2,162,209	\$2,257,200	\$(94,991)	-4.21%
Total Expenditures	\$102,042,654	\$96,227,396	\$5,815,258	6.04%
Other Financing Sources (Uses)				
Transfers In	\$315,207	\$109,900	\$205,307	186.81%
Transfers Out	\$(976,061)	\$(678,167)	\$(297,894)	43.93%
Total Other Financing	\$(660,854)	\$(568,267)	\$(92,587)	16.29%
Changes in Fund Balance	\$782,041	\$(324,671)	\$1,106,712	-340.87%
Fund Balance				
Beginning of Year	\$11,323,286	\$11,647,957	\$(324,671)	-2.79%
End of Year	\$12,105,327	\$11,323,286	\$782,041	6.91%

STATEMENT OF REV., EXP., & CHANGES IN FUND BAL. SUMMARY

- Total revenues increased by \$7.0 million from FY20 to FY21.
- The increase in property tax revenue was \$7.3 million or 8.31%. Most of this new property tax revenue is attributed to debt exclusions for the new ABRSD Boardwalk Campus and North Acton Fire Station.
- FY21 "Other" revenues which mainly include revenues from Nursing Services, Veterans Aid, as well as Investment Income was down 41% from FY20. The Town recouped over \$80,000 in miscellaneous revenue by disposing of surplus highway equipment.
- Total Revenue exceeded Total Expenditures by \$1.4 million, which is approximately \$1.2 million over FY20.
- Fund Balance remains strong at \$12.1 million, nearly 12% of total expenditures. Fund Balance is one of the reasons for Acton's AAA credit rating.

This information is a condensed version of the Town's Annual Comprehensive Financial Reports, which are accessible in full on the [Town website](#).

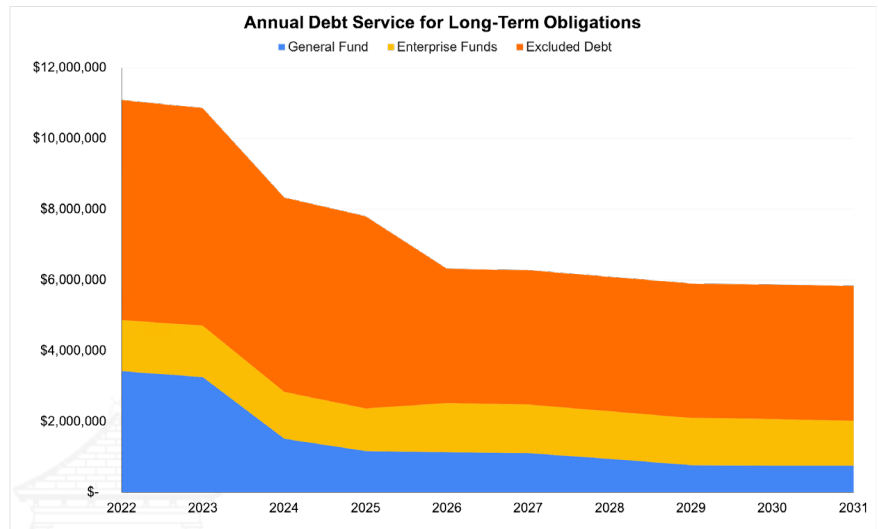
MAJOR LIABILITIES

Liabilities are commitments that the Town has made and will eventually have to pay. The three major liabilities for communities are generally: Debt, Pension, and Other Post-Employment Benefits (OPEB). These liabilities are important to monitor as they can place a burden on future taxpayers if not addressed with a responsible funding plan. Accounting standards also are beginning to require municipalities to fully account for bonds payable, net pension liability, and net OPEB liability. Metrics are benchmarked against comparable communities located in Middlesex County with an Open Town Meeting form of government and a population between 18,000 and 30,000.

DEBT

- The Town borrows money to pay for various capital projects, including the construction of new schools, fire stations, renovations of existing facilities, and purchase of heavy equipment.
- As of June 30, 2021, approximately 60% of current general obligation bonds will be repaid within the next 6 years.
- The chart to the right shows the future repayment of debt that has been issued as of June 30, 2021.
- Source: FY21 Annual Comprehensive Financial Report, Town Manager's FY22 Recommended Budget

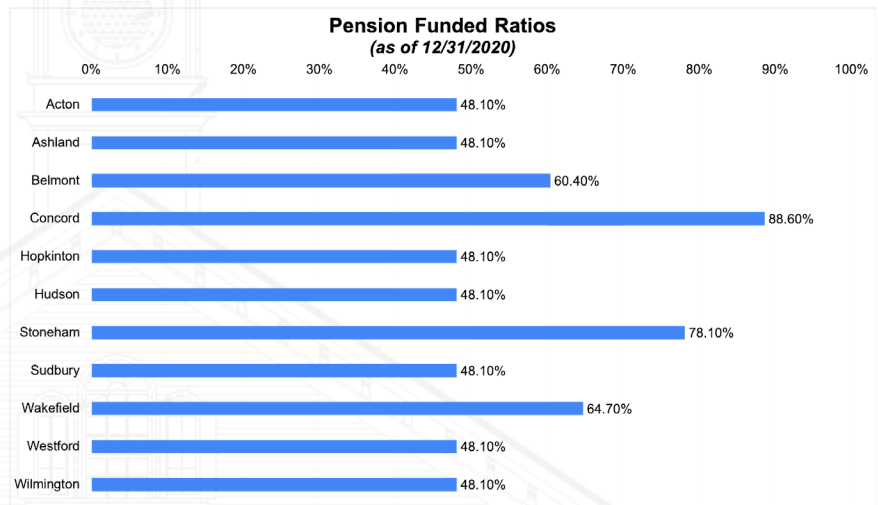
*Includes educational debt service



PENSION

- Acton is a member of the Middlesex County Retirement System.
- Acton's pension plan is 48.10% funded as of December 31, 2020 and is projected to be fully funded by 2037.
- As of December 31, 2020, the Actuarial Value of Assets is \$53 million.
- The Actuarial Accrued Liability is \$108.5 million with an Unfunded Accrued Liability (the difference between the pension assets and liabilities) of \$55.5 million.
- Source: Pension Actuarial Valuation (December 31, 2020), MA DOR Division of Local Services Databank

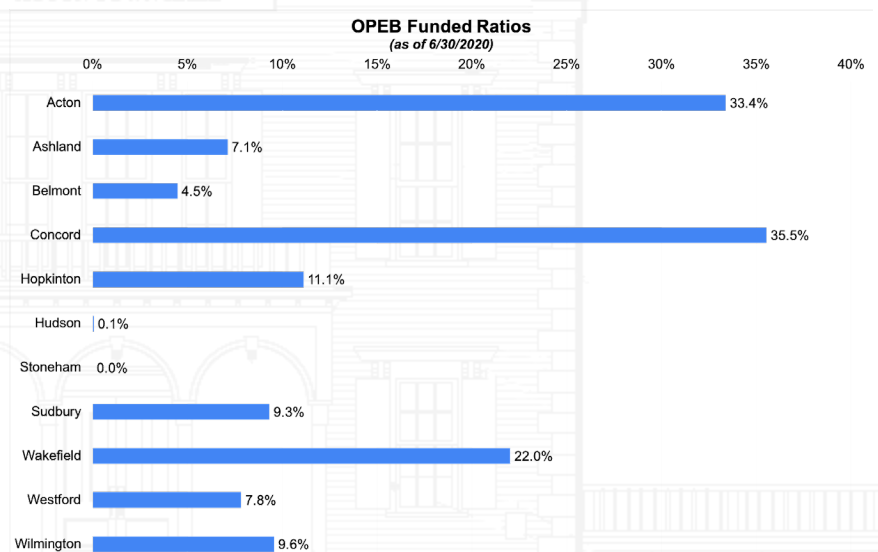
*Acton's ratio excludes educational pension liabilities



OPEB

- Other Post-Employment Benefits (OPEB) generally represents the Town's liability for the cost of healthcare benefits received or to be received by the Town's retirees.
- To comply with new accounting standards, the Town established an OPEB Trust Fund in 2015.
- The Plan is 33.4% funded as of June 30, 2020 and is projected to be fully funded by 2034.
- As of 12/31/20, the Trust Fund assets are \$7.6 million.
- The Actuarial Accrued Liability is \$22.9 million with an Unfunded Actuarial Accrued Liability of \$15.3 million.
- Source: OPEB Actuarial Valuation (December 31, 2020), MA DOR Division of Local Services Databank

*Acton's ratio excludes educational OPEB liabilities

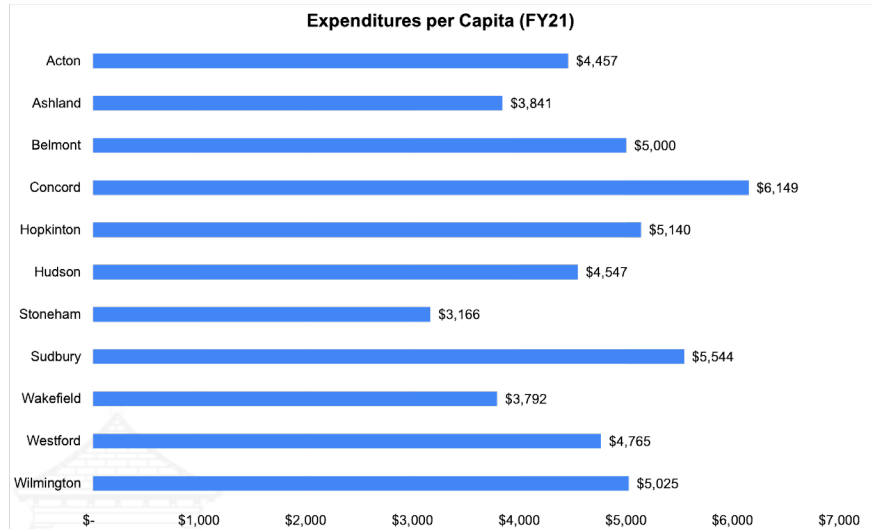


SPENDING AND TAXES

Having the proper levels of spending and taxes is crucial for the functioning of a well-run municipality that ensures sustainability of operations while being responsive to community needs. The following information shows how Acton compares with neighboring communities in terms of total per capita spending, average residential tax bill, and annual budget growth. Metrics are benchmarked against comparable communities located in Middlesex County with an Open Town Meeting form of government and a population between 18,000 and 30,000.

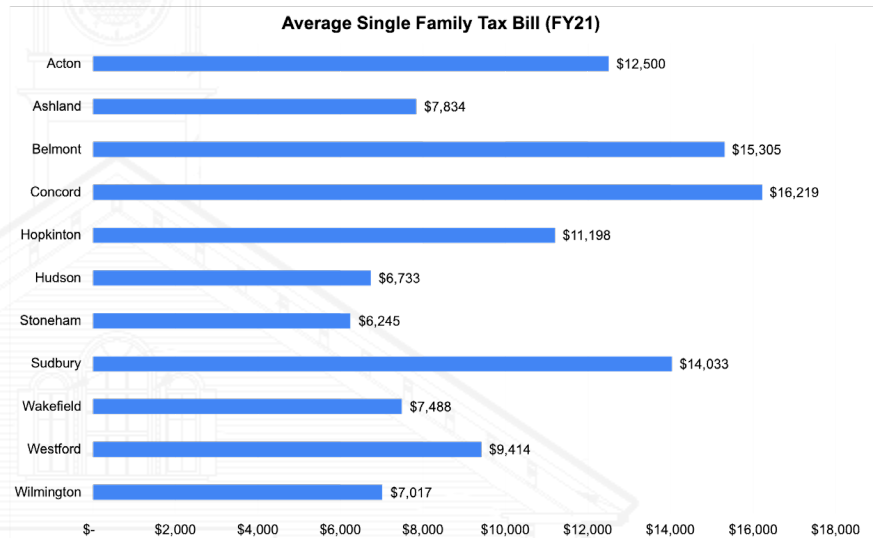
TOTAL PER CAPITA SPENDING

- Total per capita spending is determined by using the most recent numbers posted to the Mass. Department of Revenue Division of Local Services (DLS) databank reports.
- Population and expenditure numbers are based on Fiscal Year 2021.
- The chart to the right demonstrates Acton (\$4,457) ranks in a normal range of the comparison group for per capita spending.
- *Source: MA DOR Division of Local Services Databank*



AVERAGE SINGLE FAMILY TAX BILL

- The average single-family tax bill metric is often used to measure budgetary impact on taxpayers.
- The chart to the right demonstrates Acton's average single family tax bill (\$12,500) ranks in the median of the comparison group.
- *Source: MA DOR Division of Local Services Databank*



ANNUAL BUDGET GROWTH

- The annual growth of a municipal budget can vary depending on service levels, new projects and initiatives, and community priorities.
- The 10-year compound annual budget growth rate can be used to measure a community's spending over a longer period of time rather than year-over-year.
- The chart to the right demonstrates Acton's 10-year annual budget growth tax rate (2.84%) is lower than most of the comparable communities.
- *Source: MA DOR Division of Local Services Databank*

